

Todd Kremin

From: Robert Trumpy
Sent: Thursday, July 27, 2006 4:55 PM
To: 'Matt Samuel'
Subject: revised biosafe proj
Attachments: Retail proforma 07-27-06.xls

I looked at the expenses critically and increased several categories with the following logic. I now included those expenses that Biosafe would have incurred in running this level of revenue with the assumption that as of 8/1/06 expenses begin to increase with the new team gradually coming on board. The benefit of those added people will marginally be felt in 2006 and reach full value (ie. revenue increase) in 2007. The larger increase in expense for salaries/expenses in 2007 tracks with the increase in volume/revenue for 2007.

Call me if there are still concerns. As a reminder, the "going public" costs are not in any year per Andrews initial instructions.

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Retail Newco
Projected Income Statement
INTERNAL USE ONLY - Confidential

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|-------------------|-------------------|---------------------|---------------------|---------------------|
| Product Revenue: | | | | | |
| Cholestestol Panel | \$ 277,200 | \$ 450,450 | \$ 1,145,375 | \$ 1,617,000 | \$ 1,886,500 |
| TSH | \$ 255,906 | \$ 471,192 | \$ 1,218,600 | \$ 1,706,040 | \$ 1,827,900 |
| PSA | \$ 357,000 | \$ 541,875 | \$ 1,083,750 | \$ 1,785,000 | \$ 1,912,500 |
| Hemoglobin A1c | \$ 10,360 | \$ 77,700 | \$ 691,530 | \$ 699,300 | \$ 932,400 |
| Disease Management-Pharmacy | \$ 552,300 | \$ 437,238 | \$ 1,288,700 | \$ 1,656,900 | \$ 2,761,500 |
| Anemia Meter | 4,185 | 209,250 | 781,200 | 837,000 | 627,750 |
| Rapid Allergy | - | - | 1,276,800 | 2,394,000 | 2,992,500 |
| New Development | - | - | - | 1,871,250 | 3,742,500 |
| Internet | 125,887 | 455,289 | 865,123 | 1,038,148 | 1,245,777 |
| Revenue via Acquisition | | | | | |
| Total Revenue | 1,582,838 | 2,642,994 | 8,351,078 | 13,604,638 | 17,929,327 |
| COGS-Biosafe Products | | | | | |
| COGS via Acquisition | \$ 674,552 | \$ 967,206 | \$ 3,123,325 | \$ 4,825,089 | \$ 6,386,897 |
| Royalty to Biosafe | 8% | \$ 126,627 | \$ 211,439 | \$ - | \$ - |
| Total Gross Margin | 781,659 | 1,474,348 | 4,559,667 | 7,691,178 | 10,108,084 |
| % of Net Revenue | 49% | 56% | 55% | 57% | 56% |
| Selling, General and Administrative (non-public assumptions) | | | | | |
| Sales and Commissions | 2% | 31,657 | 52,860 | 167,022 | 272,093 |
| Other Salaries | - | 150,000 | 570,000 | 650,000 | 730,000 |
| Interim Services from Biosafe | - | 25,000 | - | - | - |
| Rent/Utilities | 5,540 | 50,000 | 120,000 | 120,000 | 180,000 |
| Payroll Tax & Benefits | - | 35,500 | 128,979 | 161,366 | 190,503 |
| Professional | - | 25,000 | 75,000 | 81,000 | 87,480 |
| General Insurance | 1% | 10,000 | 30,000 | 40,000 | 45,000 |
| Bad Debt @ | 15,828 | 26,430 | 83,511 | 136,046 | 179,293 |
| Other Expenses | - | 23,930 | 78,083 | 120,627 | 159,672 |
| Advertising/Marketing | 4% | 26,430 | 334,043 | 544,186 | 717,173 |
| Travel & Entertainment | - | 10,000 | 35,000 | 40,000 | 75,000 |
| Total S,G & A | 53,025 | 435,150 | 1,621,637 | 2,165,318 | 2,722,708 |
| EBITDA | 728,634 | 1,039,198 | 2,938,030 | 5,525,860 | 7,385,376 |
| % of Revenue | 46% | 39% | 35% | 41% | 41% |
| Depreciation and Amortization | | | | | |
| EBIT | 728,634 | 220,000 | 265,000 | 315,000 | 370,000 |
| % of Revenue | 46% | 31% | 32% | 38% | 39% |
| Interest Income | | | | | |
| Interest | 12,000 | - | 57,912 | 10,481 | 28,218 |
| Pre Tax Profit (Loss) | | | | | |
| | 740,634 | 819,198 | 2,730,942 | 5,221,341 | 7,043,594 |
| Income Taxes | | | | | |
| | 277,738 | 307,199 | 1,024,103 | 1,958,903 | 2,641,348 |
| Net Income | | | | | |
| | 462,896 | 511,999 | 1,706,838 | 3,263,338 | 4,402,246 |
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| | 29% | 20% | 24% | 24% | 25% |
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**Newco Retail
Projected Balance Sheet**

| | Annual 2005 | Annual 2006 | Annual 2007 | Annual 2008 | Annual 2009 |
|--|----------------|-------------------|--------------------|--------------------|--------------------|
| Assets | | | | | |
| Cash | | 2,895,594 | 524,073 | 1,410,901 | 3,740,632 |
| Accounts Receivable (net of allowance) | | 377,571 | 1,193,011 | 1,943,520 | 2,561,332 |
| Inventories | | 100,000 | 200,000 | 250,000 | 2,400,000 |
| Prepaid Expenses | | 10,000 | 10,000 | 10,000 | 10,000 |
| Refundable Deposits | | | | | |
| Total Current Assets | 0 | 3,383,165 | 1,927,084 | 3,614,421 | 8,711,965 |
| Property, Equip & Cap Devl Costs, net | | | | | |
| Goodwill | | 0 | 80,000 | 80,000 | 95,000 |
| Product Licenses | | 0 | 4,800,000 | 4,000,000 | 4,000,000 |
| Total Assets | 0 | 12,263,165 | 11,567,084 | 13,989,421 | 19,791,965 |
| Liabilities | | | | | |
| A/P Trade | | 121,166 | 348,247 | 517,246 | 677,543 |
| Payroll and Payroll Taxes | | 100,000 | 140,000 | 150,000 | 160,000 |
| Compliance Accrual | | 30,000 | 60,000 | 90,000 | 120,000 |
| Notes Payable - Current | | | | | |
| Total Current Liabilities | | 0 | 251,166 | 548,247 | 757,246 |
| Other Long Term Liabilities | | | | | |
| Notes Payable - Long Term | | | | | |
| Total Liabilities | 0 | 251,166 | (2,700,000) | (3,750,000) | (2,550,000) |
| | | | | | |
| Shareholders Equity | | | | | |
| Common Stock | | 0 | 11,500,000 | 11,500,000 | 11,500,000 |
| Beg Retained Earnings | | 0 | 0 | 511,999 | 2,218,837 |
| Current Period Income/(loss) | | | | | 5,482,175 |
| Ending Retained Earnings | | 0 | 511,999 | 1,706,838 | 3,263,338 |
| | | | | | 4,402,246 |
| Total Stockholders Equity | 0 | 12,011,999 | 13,718,837 | 16,982,175 | 21,384,422 |
| | | | | | |
| Total Liabilities and Stockholders Equity | 0 | 12,263,165 | 11,567,084 | 13,989,421 | 19,791,965 |

**Newco Retail
Projected Statement of Cash Flow**
INTERNAL USE ONLY

| | Annual 2005 | Annual 2006 | Annual 2007 | Annual 2008 | Annual 2009 |
|---|----------------|--------------------|-------------------|------------------|------------------|
| Beg. Cash and Reserve for Future Development | | 0 | 2,895,594 | 524,073 | 1,410,901 |
| Net income (loss) | | 511,999 | 1,706,838 | 3,263,338 | 4,402,246 |
| Change in working capital (less cash): | | (487,571) | (915,441) | (800,509) | (2,767,813) |
| Current assets | 0 | 251,166 | 297,080 | 208,999 | 200,297 |
| Current liabilities | 0 | | | | |
| Depreciation/Amortization | | | | | |
| Net PPE decrease (increase) including capitalized R & D | 0 | 220,000 | 265,000 | 315,000 | 370,000 |
| Goodwill purchase | 0 | (5,100,000) | (1,025,000) | (1,050,000) | (1,075,000) |
| Issue of Note Payable for License | | 2,500,000 | (2,700,000) | (1,050,000) | 2,000,000 |
| Repayment of Note Payable | | (2,500,000) | | | (800,000) |
| Increase other long term liability | | | | | |
| Issuance of common stock, net of fees | | | | | |
| Ending Cash and Reserve for Future Development | | 0 | 11,500,000 | 0 | 0 |
| | | - 2,895,594 | 524,073 | 1,410,901 | 3,740,632 |

Projected Long Term Assets/Liability Work Schedule
INTERNAL USE ONLY

| | Annual 2005 | Annual 2006 | Annual 2007 | Annual 2008 | Annual 2009 |
|-----------------------|----------------|------------------|------------------|------------------|------------------|
| Fixed Assets | | | | | |
| Beginning Balance | 0 | 0 | 80,000 | 80,000 | 95,000 |
| Depreciation/Amort. | | (20,000) | (25,000) | (35,000) | (50,000) |
| Purchases/Cap R&D | | 100,000 | 25,000 | 50,000 | 75,000 |
| Ending Balance | 0 | 80,000 | 80,000 | 95,000 | 120,000 |
| License | | | | | |
| Beg. Balance | 0 | 0 | 4,800,000 | 5,560,000 | 6,280,000 |
| Amortization | 0 | (200,000) | (240,000) | (280,000) | (320,000) |
| New licenses | | 5,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Ending Balance | 0 | 4,800,000 | 5,560,000 | 6,280,000 | 6,960,000 |

Projected Capitalization Table
INTERNAL USE ONLY

| | Annual 2005 | Annual 2006 | Annual 2007 | Annual 2008 | Annual 2009 |
|--|----------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Shares Issued/Outstanding | | 0 | 12,166,666 | 12,166,666 | 12,166,666 |
| Shares Issued During Period - # | | 12,166,666 | | | |
| Ending Share Count | 0 | 12,166,666 | 12,166,666 | 12,166,666 | 12,166,666 |
| Beginning \$ Value at Issued Price | | | | | |
| Shares Issued During Period - \$ | | | | | |
| 2,500,000 @ \$ 1.00 | 2,500,000 | 5,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| 5,000,000 @ \$ 1.00 | 5,000,000 | 5,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| 1,500,000 @ \$ - | 1,500,000 | 1,500,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| 500,000 @ \$ 1.00 | 500,000 | 500,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| 2,666,666 @ \$ 1.50 | 2,666,666 | 2,666,666 | 12,000,000 | 12,000,000 | 12,000,000 |
| Ending \$ Value at Issued Price | | | | | |

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Newco Retail

Volume, Pricing and COGS

**Newco Retail
Employee Listing**

| Position | 2005 | 2006 | 2007 | 2008 |
|------------------|-------------|----------------|----------------|----------------|
| President | | 50,000 | 200,000 | 200,000 |
| Chief Accountant | | | 75,000 | 75,000 |
| VP Sales | | | 135,000 | 135,000 |
| Brand Manager(s) | | 80,000 | 80,000 | 160,000 |
| Sales Assistant | | 20,000 | 45,000 | 45,000 |
| Admin | | | 35,000 | 35,000 |
| Total | | 150,000 | 570,000 | 650,000 |

2009

200,000

75,000

135,000

240,000

45,000

35,000

730,000